

Message Text

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ACTION EB-11

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02 SAL-01

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FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 3839

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E.(9.11652: N/A

TAGS: ECON CI US

SUBJ: EDITORIAL COMMENT ON US- CHILEAN BILATERAL NEGOTIATIONS

REF: SANTIAGO 1258

1. FOLLOWING IS INFORMAL EMBASSY TRANSLATION OF EDITORIAL THAT APPEARED IN INDEPENDENT HIGH CIRCULATION LA TERCERA ON MARCH 27 UNDER TITLE " THE CHILE- USA PROBLEM" (UNNECESSARY WORDS OMITTED).

2. BEGIN QUOTE: " REPRESENTATIVES OF CHILE AND U. S. HAVE FINISHED IN WASHINGTON A NEW ROUND OF CONVERSATIONS ABOUT BILATERAL PROBLEMS,
AND IT IS NOTEWORTHY THAT NO ADVANCE OR PROGRESS WORTHY OF CONSIDERATION WAS ACHIEVED. THE AIRTIGHT ISOLATION MAINTAINED BY CHIEFS AND MEMBERS OF BOTH DELEGATIONS WAS CLEAR INDICATION OF FAILURE OF THESE CONTACTS, WHICH HAD OBJECTIVE, AMONG OTHER THINGS, OF EXAMINING RENEGOTIATION OF CHILE'S EXTERNAL DEBT.

3. QUOTE:
FIRST MEETING OF THIS TYPE WAS HELD IN DECEMBER, ALSO IN NORTH AMERICAN CAPITAL, AND IT WAS ALSO IMPOSSIBLE TO MAKE ANY PROGRESS THEN. AT THAT TIME, IT WAS JUDGED THAT THE CLOSENESS OF END- OF- YEAR HOLIDAYS WOULD AFFECT CONTINUATION OF CONVERSATIONS AND THESE WERE SUSPENDED. JANUARY AND FEBRUARY PASSED AND IT WAS INDICATED THAT DECISION OF PRESIDENT NIXON OVER HIS PRINCIPAL
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COLLABORATORS DURING THE SECOND PERIOD OF HIS GOVERNMENT WAS BEING AWAITED. IT WAS NOTEWORTHY, HOWEVER, THAT ATTEMPT WAS BEING MADE TO FIND PRINCIPLES WHICH GAVE SOME HOPE FOR POSSIBLE SETTLEMENT. THIS APPARENTLY OCCURRED DURING THE EARLY PART OF MARCH AND THEN SECOND ROUND WAS DECIDED UPON, WHICH HAS NOW ENDED WITH SUCH LAMEMTABLE RESULTS.

4. QUOTE:

IT IS OBVIOUS THAT U. S. IS MAINTAINING FIXED POSITION IN REGARD TO COMPENSATION FOR PROPERTIES OF GRAN MINERIA COPPER COMPANIES NATIONALIZED BY CHILE. WASHINTON DOE SNOT DISPUTE NATIONALIZATION IN ITSELF, BUT (INSISTS ON) NECESSITY OF ESTABLISHING ADEQUATE PAYMNT FOR IT. OPPOSED TO THIS IS THE CHILEAN POSITION, TOTALLY CONSONANT WITH CONSTITUTION AND LAW, IN SENSE THAT THERE IS NO RIGHT TO COMPENSATION GIVEN SO- CALLED " EXCESS PROFITS" OBTAINED DURING PEIOD MINES WERE BEING EXPLOITED. US GOVERNMENT CLAIMS THAT ITS ATTITUDE IS SUPPORTED BY CLEAR INTERPRETATION OF NORMS OF INTERNATIONAL LAW. CHILE, ACCORDING TO DECLARATION OF AMBASSADOR LETELIER, BELIEVES THAT THIS " INTERPRETATION"

IS UNILATERAL(MUY PARTICULAR) AND ONLY FAVORS THE INTERESTS OF US. THERE IS VERY DELICATE CONNECTION MADE BY NIXON ADMINISTRATION BETWEEN THIS SITUATION OF CONFLICT AND THE PROBLEM OF EXTERNAL DEBT. MORE EXPLICITLY, IT HAS HAS BEEN MADE KNOWN THAT SO LONG AS NO (COMPENSATION) AGREEMENT SATISFACTORY TO U. S. IS REACHED, IT WILL NOT FAVOR RENEGOTIATION OF CREDITS THAT CHILE HAS WITH BANKS OF THAT COUNTRY IN WHICH THERE IS PREDOMINANTLY GOVERNMENTAL INFLUENCE. EXTERNAL DEBT, CHRONIC AILMENT OF LESS DEVELOPED NATIONS, IS BEING USED BY U. S. REGIME. IT IS SYMPTOMATIC THAT IN SEPARATE NEGOTIATIONS BETWEEN CHILE AND TOTALLY PRIVATE BANKS, THERE HAS BEEN NO PROBLEM IN REACHING AGREEMENT.

5. QUOTE:

NORTH AMERICAN ATTITUDE OF MAKING RENEGOTIATION DEPENDENT UPON COMPENSATION FOR EXPROPIATED MINES IS CLEAR TO POINT THAT A MEMBER OF THAT COUNTRY' S DELEGATION HAS ALREADY SAID THAT EFFECTS OF WASHINGTON MEETING WILL HAVE REPERCUSSIONS IN THAT OF THE PARIS CLUB NEXT MAY. IN LATTER MEETING PROBLEM OF CHILE' S BALANCE OF PAYMENTS WILL BE REEXAMINED. IT IS OBVIOUS THAT IF NO AGREEMENT IS REACHED BEFORE THAT DATE, IT WILL MEAN THAT US REPRESENTATIVES WILL BE SEEN BEHAVING IN WAY TOTALLY ADVERSE TO CHILEAN INTERESTS DURING UNCLASSIFIED

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CONTACTS IN FRENCH CAPITAL.

6. QUOTE:

PRESIDENT ALLENDE' S GOVERNMENT HAS EXTREMELY DELICATE SITUATION ON ITS HANDS NOW WHICH AFFECTS ALL CHILEANS. IT WILL BE NECESSARY TO STUDY ALL POSSIBLE WAYS OF FINDING WAY OUT OF COURSE, 1914 TREATY OFFERS SANTIAGO AND WASHINTON POSSIBILITY OF SEEKING HIGH LEVEL JURIDICAL SOLUTION.

HOWEVER, IT IS OBVIOUS THAT NO SOLUTION IS POSSIBLE SO LONG AS POLITICAL WILL TO REACH IT DOES NOT EXIST ON BOTH PARTS.

THAT IS TASK OF THIS MOMENT . END QUOTE

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